

Which households eligible for public housing do not apply and why?

AMONG LOW INCOME HOUSEHOLDS IN PRIVATE RENTAL, WHO ARE POTENTIALLY ELIGIBLE FOR PUBLIC HOUSING, THOSE WHO VALUE SECURITY OF TENURE TEND TO APPLY FOR PUBLIC HOUSING WHILE THOSE WHO VALUE CHOICE TEND TO REMAIN IN PRIVATE RENTAL. ADDITIONALLY, POOR AWARENESS OF PUBLIC HOUSING AND LONG WAIT TIMES ARE DETERRENTS TO HOUSEHOLDS' APPLYING FOR PUBLIC HOUSING.

KEY POINTS

- Some private renting households are eligible for public housing but do not apply for it. Compared to those private renters on a waiting list for public housing, households not on a waiting list are more likely to be: young (aged under 25), in a group household, employed, more educated and less likely to be a sole parent or to speak a language other than English at home.
- Almost half of respondents in private renting households receiving Commonwealth Rent Assistance who had not applied for public housing were unaware that they might be eligible to apply. Households on a waiting list were more likely to have previous personal or family experience of public housing.
- People not on a waiting list tended to be less dissatisfied with their present housing than those on a waiting list. Almost half (46 per cent) would never consider applying for public housing or would only do so as a last resort. Nevertheless, some (18 per cent) thought public housing would solve a lot of problems for them, and a further 37 per cent thought it might help in the event they could not afford to rent in their current place any longer.
- Perceived difficulties in applying and long wait times were key reasons for not applying for public housing: over 60 per cent indicated they had not applied for public housing for these reasons. A third cited the lack of choice of a particular dwelling or location as a reason for not applying for public housing
- Households on public housing waiting lists also value choice of location, dwelling quality and size, and would be willing to pay more rent for such choice. This suggests that there is scope to consider reforms to public housing allocation that incorporate choice, even at some expense of affordability.

This research, by Terry Burke, Caroline Neske, Liss Ralston, AHURI Swinburne Research Centre, surveyed two groups of low-income households: those who had applied for public housing and those who had not, to examine the characteristics of these two groups and the reasons for their housing decisions.



Australian Housing and Urban Research Institute

www.ahuri.edu.au

BACKGROUND

Australia has two major forms of housing assistance for low-income households. The first is Commonwealth Rent Assistance (CRA), which is provided by the Australian Government and is available to income support recipients who are in the private rental market. The second is social housing, which mainly means government owned and managed subsidised rental dwellings (tenants on income support typically pay 25 per cent of their income in rent). People only enter public housing if they choose to apply and go on a waiting list.

There are substantial numbers of low-income private renters who have applied for public housing, but large numbers (even those at similar income levels) who have not. This study sought to find out who these households are and why they have not applied for public housing.

RESEARCH DESIGN

The research surveyed two groups of people in 2002-2003: those who were on a waiting list for public housing (waiting list households), and low-income private renters in receipt of CRA but not on a waiting list (non-waiting list households). The purpose of the surveys was to gain information about those on the waiting list and why they had chosen to apply for public housing. This information could then be compared with that for a similar group of households who, because of their low-income status, were likely to be eligible for public housing but had not applied for public housing.

A questionnaire was mailed out to a total sample of 12,000 waiting list households in all States and Territories (in each jurisdiction 1,500 households were randomly selected from Department of Housing waiting lists). With the co-operation of Centrelink and the Department of Family and Community Services, the same number of households renting in the private sector and receiving CRA were also sampled (again by mail-out questionnaire) within each State and Territory. As some of these households may have qualified to receive both surveys, the CRA questionnaire had a skip question to avoid duplication of respondents.

Overall there were 2,326 responses from waiting list households, and 2,493 from non-waiting list households. The household type profile of the waiting list sample was broadly consistent with that from other government source data collected by the Australian Institute of Health and Welfare and so is broadly representative.

FINDINGS

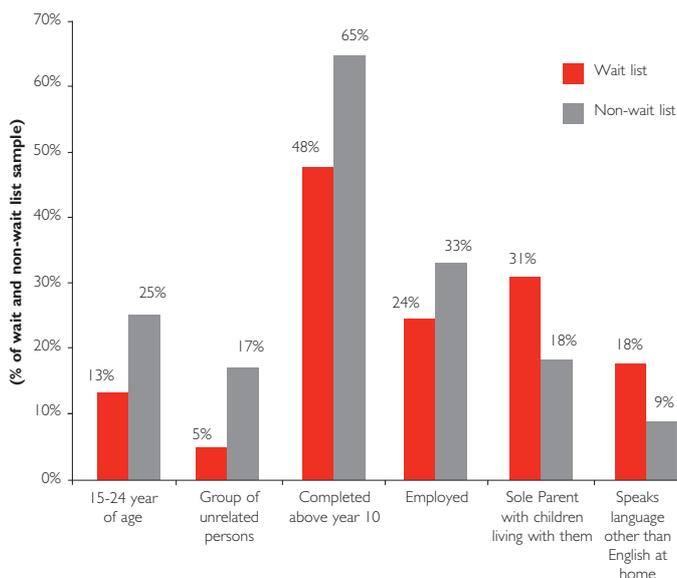
CHARACTERISTICS OF WAIT LIST AND NON-WAIT LIST HOUSEHOLDS

Figure 1 below shows that compared with those on a waiting list, those households not on a waiting list were more likely to be: young, in a group-household, have a high level of education, and be employed.

People in certain household types were more likely to be on a waiting list than not – these included sole parents with children living with them and those from a Non-English Speaking Background.

A quarter of all households on the waiting list sample have been in rent arrears (median arrears of \$1,700) in the private sector in the previous year. The major causes cited were utility bills (60 per cent), food expenditure (43 per cent), debt payments (41 per cent) and health expenses (36 per cent).

FIGURE 1: CHARACTERISTICS OF WAIT LIST AND NON-WAIT LIST HOUSEHOLDS



AWARENESS OF PUBLIC RENTAL AND PREVIOUS EXPERIENCE IN ACCESS

The study found that almost half (47 per cent) of all CRA recipients who are not on the waiting list were unaware that they may be eligible for public housing. Most waiting list applicants found out about public housing because they had either lived in public housing as an adult or a child (31 per cent) or through friends or family who had lived in public housing (27 per cent). Only 18 per cent found out through a counselling agency and 19 per cent from the Department of Housing.

A fair proportion of persons waiting for public housing have been in the system before: 36 per cent of those on a waiting list had lived previously in public housing, and 12 per cent had been in public or community housing immediately prior to their current address.

Indigenous households (197, or 8 per cent of waiting list sample) value public housing more highly than non-Indigenous households (69 per cent preferred it even if rent was the same as the private sector compared to 57 per cent for non-Indigenous). Furthermore, Indigenous households were more likely to have previously lived in public housing (half of Indigenous households compared to 35 per cent for non-Indigenous). Only 24 per cent of Indigenous households had learned of public housing from formal sources (counselling agency, advice service or Housing Department) compared to 37 per cent for the non-Indigenous community. However, Indigenous households indicated they had trouble with the public housing application process (they were more likely to report difficulties in filling in forms or had to misrepresent their situation to the housing authority).

DISSATISFACTION WITH PRIVATE RENTAL

Compared to those on a waiting list, households not on public housing waiting lists had much lower rates of dissatisfaction with their private rental dwelling on most measures. These included: cost (19 percent dissatisfied compared to 36 per cent on wait list); responsiveness of landlord to requests for repairs (17 per cent compared to 32 percent); outdoor facilities (20 per cent compared to 31 per cent); and security of dwelling (20 per cent dissatisfied compared to 31 per cent). Non-wait list respondents were also less dissatisfied than wait list respondents in relation to location concerns, such as noise, security of the neighbourhood and access to work opportunities.

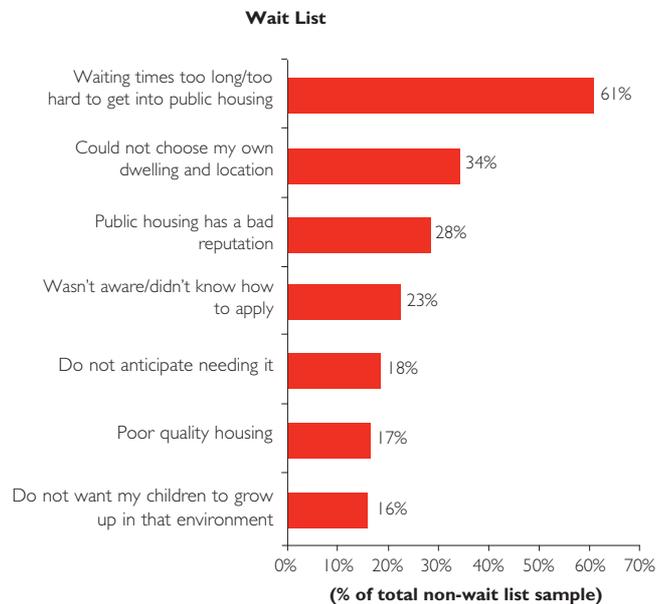
There is some latent demand for public housing amongst those not applying. Although 14 per cent of CRA recipients who are not on the waiting list would never consider applying for public housing and 32 per cent thought it would be a last resort, 18 per cent thought public housing 'would solve a lot of problems for them', and 37 per cent 'would consider it if they couldn't afford their rent'.

Figure 2 below shows the reasons households not on the public housing waiting list chose not to apply. Key reasons included: long waiting times (61 per cent of respondents), lack of choice of a particular dwelling or location (34 per cent) as well as the poor reputation of public housing (28 per cent).

Most people (53 per cent) in the waiting list sample were satisfied with the public housing application process while 26

per cent were dissatisfied. The main difficulty relating to the process was a lack of information regarding waiting times (31 per cent saw it as a major problem, and a further 22 per cent of all respondents saw it as a problem).

FIGURE 2: REASONS NON-WAIT LIST APPLICANTS DID NOT APPLY FOR PUBLIC HOUSING



HOUSING PREFERENCES OF HOUSEHOLDS ON A PUBLIC HOUSING WAITING LIST

Housing affordability and security of tenure are of greatest importance for those applying for public housing, with 77 per cent and 57 per cent of all wait list respondents respectively identifying these factors as a main reason for them applying.

Nevertheless, choice of location and type of dwelling were also important for those on a wait list. Over seventy percent indicated a preference to be located near medical facilities, shops or public transport (only half indicated closeness to employment as a preference). They also tended to see security of dwelling and the surrounding area as more important than other features of the house such as capacity to modify the dwelling to suit needs or being allowed to keep pets.

Between 75 to 85 percent of waiting list applicants (depending on the variable) were willing to pay more for certain amenities such as better location, quality, safety or size of dwelling. The actual dollar amount they were willing to pay, as a premium was not large, given their low incomes, yet not insignificant. For those people who were willing to pay more, 60 per cent were willing to pay less than \$10 a week, but 40 per cent were willing to pay more than \$11 per week and 25 per cent more than \$20 a week.

HOUSING PREFERENCES OF HOUSEHOLDS NOT ON A PUBLIC HOUSING WAITING LIST

While high proportions of low income renters in the waiting list group indicated that choice of location and type of dwelling was important in their decision to rent privately, it was higher amongst those not on the waiting list (almost two thirds of the non-wait list sample nominated choice of location as a reason for choosing to rent privately compared to 47 per cent of the wait list sample). Non-wait list renters were also more likely to perceive private housing to be of higher quality (24 per cent compared to 8 per cent), to value living with friends (13 percent compared to 4 per cent) and wanted to avoid the stigma associated with public housing (9 per cent compared to 3 per cent).

This suggests that those in the private rental sector are more willing to trade some affordability for these features.

POLICY IMPLICATIONS

Many low-income renters not on the public housing waiting list are put off by the long waiting times for public housing, the lack of choice and the stigma that is attached to public housing.

Some of these (e.g. private renters, young persons or those in group households), who are often in a transitional phase in terms of their labour market or household situation would never consider public housing because private rental provides a higher degree of choice and enables quick movement from one tenancy to another. Public housing may never be needed for this group, but even if it were, its method of allocation would need to change radically to become more responsive to this group's demands.

The poor awareness of public housing eligibility by some private renters suggests that those who could benefit from public rental may be missing out. Promotion of public housing may be a way to improve access for such groups, but this might only increase the number of applications for public housing and so lengthen times on waiting lists.

A more promising way forward is to recognise that potential consumers value different attributes of public housing - and so assistance should need to be tailored more effectively to their needs. For example, while affordability and security of tenure available through public housing are highly valued, choice over location and dwelling type may be just as important - especially if it results in improved personal security.

One practical way to encourage a broader cross section of persons to access public housing might be to address new mechanisms of allocation, which incorporate choice by the prospective renter. One area in public housing where an element of choice could be worked into the system is in terms of rents. Social Housing Authorities could pilot programs that provided a rent premium (to which the 25 per cent household income formula did not apply) for certain nominated properties. In exchange, the public housing consumer might be offered greater choice over available properties.

FURTHER INFORMATION

This Bulletin is based on AHURI project 50142 *Entering Rental Housing*. Reports from this project can be found on the AHURI website (www.ahuri.edu.au) by typing the project number into the search function.

Reports available:

- Positioning Paper
- Final Report

Or contact AHURI National Office
on +61 3 96602300



Australian Housing and Urban Research Institute

www.ahuri.edu.au

HEAD OFFICE Level 1, 114 Flinders Street Melbourne Victoria 3000 TELEPHONE +61 3 9660 2300
FACSIMILE +61 3 9663 5488 EMAIL information@ahuri.edu.au WEB www.ahuri.edu.au

ACKNOWLEDGMENTS This material was produced with funding from Australian Government and the Australian States and Territories, AHURI Ltd acknowledges the financial and other support it has received from the Australian, State and Territory Governments, without which this work would not have been possible.

DISCLAIMER The opinions in this publication reflect the results of a research study and do not necessarily reflect the views of AHURI Ltd, its Board or its funding organisations. No responsibility is accepted by AHURI Ltd or its Board or its funders for the accuracy or omission of any statement, opinion, advice or information in this publication.